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## Economist Warns U. S. of Soviet Gains

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Associated Press

An economist told Congress yesterday that Russia's economic offense has scored a strategic success in Afghanistan "representing what could be the beginning of an historic breakthrough" to India.

This development in the Soviet economic campaign against the West was emphasized by Max F. Millikan, professor of economics at Massachusetts Institute of Technology and research expert on the Soviet economy.

Testifying before a House Ways and Means Subcommittee on the results of three years of Soviet economic activity, Millikan said around a billion dollars of credits thus far have been issued by Soviet bloc nations to underdeveloped countries.

He testified the bulk of the aid has gone to Egypt, Afghanistan, India and Yugoslavia, with Afghanistan getting the most in proportion to the investment programs of the individual nations.

"Afghanistan," he said, "is a long way from the United States and from the consciousness of the American people. But it is the historic route by which Russia sought to penetrate the Indian Peninsula."

Millikan said the Soviet campaign is playing on two ideas paramount with nations getting Russian help—complete independence of foreign control and an expanded domestic production.

Millikan asserted that while the Soviet economic offers have "strong appeals . . . there is evidence that many of the leaders of these countries are becoming aware of the dangers and disadvantages of close economic ties with the Soviet bloc."

"The real threat to our interest," he continued, "is that these countries may become economically so dependent on the Soviet bloc that they cannot avoid political dependence as well."

"With the possible exception of Afghanistan, none of them is in this position yet, though developments in the Suez crisis may possibly threaten Egyptian independence in time."

"Fundamentally, I am convinced that if we give these countries the opportunity to pursue their priority goals of independence and economic development in the framework of the world economy, the Soviet campaign will fail."

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## MIT Report

Capital Stirred  
By Foreign Aid

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Washington

Foreign economic aid has suddenly become the most topical, most controversial, most studied subject in Washington. The Congress has an administration foreign aid program under scrutiny. The administration has its top authorities studying Massachusetts Institute of Technology program for revamping American foreign economic aid. President Eisenhower has named Senator Walter F. George (D) of Georgia his personal representative to study and help NATO work out economic aid as well as a political collaboration program.

This all points up the fact that everybody here seems to realize that something has to be done about foreign aid—but no one is quite sure what that something should be. It points up the fact that past economic programs, for all of their contributions to free world strength and unity, have about ended their usefulness—and some new economic foreign aid ideas must be distilled from all this original thinking that is going on.

## MIT Study Pondered

Special interest is being directed to the MIT study, for the administration proposal before Congress is largely a continuation of past programs, and the NATO study that Senator George will look into has not yet really got off the ground.

The MIT study, by contrast is a thoughtful, provocative, comprehensive blueprint by two MIT professors attached to the Center for International Studies—Max Millikan and W. W. Rostow. The President's National Security Council is known to be studying it, and it would not be surprising to have some of its ideas turn up in the review of foreign aid that the administration has publicly said it would make.

The authors propose basically that the United States launch at once a long-term program for sustained economic growth in the free world.

They call on the United States to provide a new long-term capital fund of from \$10,000,000,000 to \$12,000,000,000 to be available for loans and grants over a five-year period to accelerate economic growth in underdeveloped areas. They would have other advanced countries make additional loans and grants of from \$2,000,000,000 to \$3,000,000,000 over the same period as part of a unified free world program.

## Flow of Private Capital

They urge concerted efforts and measures to enlarge the international flow of private capital and another \$3,000,000,000 to \$4,000,000,000 in this same period.

And they insist that these sums be made available to free world countries without any military or political ties, but under strict businesslike criteria.

Recipient countries must show evidence of widespread popular support of the broad goals of the programs. The authors call for the establishment of international stocks of agricultural surpluses available for development purposes, but not interfering with the normal markets of exporting countries.

They ask that loans and grants be administered by existing national and international agencies, including the Export-Import Bank, the International Bank, the Colombo Plan Organization, etc. Some new machinery would have to be set up to establish the ground rules for this venture.

## Sustained Support

The plan makes it clear that there be no economic aid and military aid and no explicit political conditions within the free world beyond requirements that development

goals be democratically established.

It also emphasizes the fact that the United States must give the plan sustained support, and that there be international contributions and international administration.

With Congress unwilling to give the administration's present foreign aid plan anything like long-term support, and with the administration hesitant to put more foreign aid under UN auspices, it is obvious that these MIT proposals face some formidable obstacles.

The MIT professors discuss what they call some popular misconceptions about foreign aid that should stir up considerable debate. The simplest, they say, is that gratitude for help and assistance will cause the recipients to do what the United States wants them to; or to put it more crudely, that friendship and affection can be bought.

The fact is, say the authors of this tract, the result is usually just the opposite, an aggressive feeling of resentment; so that if aid is judged to be in American interest, it should be given with incidental rather than principal concern over the gratitude it engenders.

Another misconception is listed as the belief that with economic aid, an underdeveloped country will be able to carry a much larger military contribution to free world security.

## Military Contribution?

The fact rather is, say the authors, that these countries are in no position to make much in the way of a military contribution whether aid is given or not. In other words, resistance to aggression is primarily a job of the United States and its NATO allies. The thought of building up countries by aid so that "Asians can fight Asians," they say, is "largely illusory"—a doctrine that has had considerable vogue in official quarters.

A third misconception is said to be the belief that aid will halt, or be used to halt or reverse, the trend toward "socialism" in these underdeveloped areas.

Paradoxically, say Professors Millikan and Rostow, "we shall promote ultimate reliance on private incentives more effectively by not insisting on any particular economic philosophy as a condition of aid than by attaching private enterprise strings." But can Congress be persuaded of this?

And, finally, the authors attack what they call the misconception that by reducing hunger and poverty, one reduces revolutionary pressures. They say that it is not true that if people eat better they are less likely to go Communist.

All in all the study is quite a provocative and original contribution to the subject of economic aid and military aid and no explicit political conditions within the free world beyond requirements that development

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